

MINUTES OF THE
CITY OF SANTA FE
PUBLIC UTILITIES COMMITTEE

Santa Fe, New Mexico

February 5, 2003

A regular meeting of the City of Santa Fe Public Utilities Committee was called to order on this date at approximately 5:30 p.m. in City Hall Council Chambers. Roll Call indicated the presence of a quorum, as follows:

Members Present:

Councilor Matthew E. Ortiz, Chair
Councilor Patti J. Bushee
Councilor David Coss
Councilor Rebecca Wurzburger

Members Excused:

Councilor Carol Robertson Lopez

Other Governing Body Members Present:

Councilor Miguel M. Chavez
Councilor Karen Heldmeyer

Staff Present:

Mr. Rick Carpenter, Water Division
Mr. Michael Gonzales, Water Division
Mr. Kyle Harwood, City Attorney's Office
Mr. Costy Kassisieh, Wastewater
Mr. Jerry Lowance, Public Utilities
Mr. Gary Martinez, Water Division
Ms. Luana Montoya, Public Utilities

[Councilor Bushee acted as Chair until the arrival of Chairman Ortiz a few minutes into the proceedings.]

APPROVAL OF AGENDA

The following item was added to Items From Committee at Councilor Wurzburger's request:

Discussion: A City-County Joint Resolution Concerning Joint Development of a Sustainable Water supply for the Santa Fe Regional Area.

Assistant City Attorney Kyle Harwood requested that the Committee go into Executive Session following discussion on a request from Las Campanas for a temporary agreement to transfer effluent (Item 6A).

The Executive Session was added to the Agenda as Item 6B.

Councilor Wurzburger moved approval of the agenda, as amended. Councilor Coss seconded the motion and it passed 3-0 by voice vote, with Councilor Bushee, Councilor Coss and Councilor Wurzburger voting for, and none against.

APPROVAL OF MINUTES: January 15, 2003

Councilor Wurzburger moved approval of the January 15 meeting minutes, as submitted. Councilor Coss seconded the motion and it passed 3-0 by voice vote, with Councilor Bushee, Councilor Coss and Councilor Wurzburger voting for, and none against.

INFORMATIONAL ITEMS

Estancia Basin Brackish Water Recovery Program (Dr. John Hernandez, Professor, New Mexico State University).

Representatives Eluid Martinez and Dr. John Hernandez presented slides on a proposed Estancia Basin Desalination Project, which would utilize naturally impaired brackish groundwater located in the Estancia Basin to produce 18,000 acre-feet of potable water.

[Presentation paper submitted herewith as Exhibit "A" to these minutes.]

Mr. Martinez stated that the principals in Resource Solutions Group, LLC, were Robert Schuyler, Dr. Hernandez, himself and Andres Romero. He said the group filed an application with the State Engineer approximately eight months ago, seeking an appropriation of water – mostly brackish water – from the Estancia Basin. He said the applicants have identified about 1 million acre-feet of this water, which they believe could be extracted from the aquifer without impacting existing water rights. He said the group proposes to clean and move this water into Santa Fe County and Torrance County for future use.

Mr. Martinez said the group asked the State Engineer to set aside this application about four months ago to allow discussions to take place with Estancia Basin representatives who expressed concern about the application. He stated that they met with the Estancia Basin water planning committee approximately two months ago.

Mr. Martinez stated that he believed recharge was occurring in the Estancia Basin to the extent that the life of this project could exceed 40 years.

Mr. Martinez said they were proposing to dispose of the byproduct, the brine, in the natural salt lakes that exist in the area.

Mr. Martinez stated, "We believe that this water could be cleaned and delivered for approximately a quarter to a third of the cost that the City of Santa Fe is now paying for production of water out of their water supply system."

Mr. Martinez said, "This water is drought-proof from the standpoint that it exists in the ground; it is Native American-proof from the standpoint that there are no litigation issues involved with Native Americans, and it is Endangered Species proof."

Mr. Martinez said he also personally felt that this source of water supply could be used to satisfy some water issues for people in the Pojoaque Valley and in the Aamodt litigation.

Mr. Martinez stated that the project cost would be about \$80 million, and could be financed with private capital. He stressed that no state or city monies would be sought for the construction.

Mr. Martinez also stated that the processed water could be used to recharge the regional aquifer and thus extend its life.

Dr. Hernandez addressed the technical issues of this proposal. He presented a slide that included Highway 41, with the proposed well field reflected in green. He noted that the proposed well field, between MacIntosh, Moriarty and Estancia, was chosen because of the recharge occurring in the area and because of the availability of underground lakes. He added that there was a very impressive fault there, with a great deal of fracturing, which meant there was a very high well capacity.

Dr. Hernandez reviewed the hydrogeological characteristics of the subject area, which included the source of recharge in Red Canyon and Big Draw. He noted that virtually all of the proposed well field area was privately owned, so the LLC would have to negotiate with them. He said he was confident that the proponents could reach an agreement with the landowners.

Dr. Hernandez said that, based on a Corps of Engineers Tampa study, it would cost \$7 per gallon of capacity per day to build a plant to process seawater — so construction of a 10 mgd seawater plant would cost \$70 million. He said O&M would cost roughly \$5/1,000 gallons.

Dr. Hernandez contrasted those costs with the costs to construct a plant for the processing of brackish water. He said plant costs would be \$1.75 per gallon of capacity per day, or roughly \$20 million to construct a 10 mgd plant. He said O&M would be roughly \$1.35/1,000 gallons.

Dr. Hernandez noted that the City of El Paso is now constructing a 10 mgd desalting plant, using water roughly at the same concentration as under this proposal, and their price for drilling the wells, putting in the treatment plant and putting it into their system through a pipeline — not including the cost of pumping nor waste disposal costs — is about \$1.50/1,000 gallons.

Dr. Hernandez said he had not included amortization costs in his discussion.

Dr. Hernandez stated that they would require a permit from the Water Quality Control Commission.

Mr. Martinez said this proposal was not “pie in the sky,” pointing out that the City of Alamogordo has filed application with the State Engineer to appropriate and clean brackish water at 5,500 acre-feet per year. He said the application would go to a hearing in September 2003.

Mr. Martinez also noted that the Interstate Stream Commission has filed an application with the State Engineer for desalting brackish water in the Salt Basin in southern New Mexico, for use by local municipalities and also to put the water into the Pecos River for delivery to Texas.

Mr. Martinez stated that the U.S. government, working with the Bureau of Reclamation and Sandia Laboratories, has funded an international research center in Alamogordo to study methods for bringing down the cost of brackish water treatment.

Chairman Ortiz asked what kind of timeline Mr. Martinez envisioned for this project in terms of receiving approval from the State Engineer, and Mr. Martinez responded that they hoped to go to publication in spring 2003, and to a hearing six to eight months after that.

Chairman Ortiz asked how many other communities would be approached by the proponents, and Mr. Martinez responded that the application would only be for northern Torrance County and Santa Fe County, and did not contemplate other areas such as Albuquerque.

Responding to questioning from Councilor Coss, Dr. Hernandez stated that the proponents would have to identify some specific demand for this system — around 5,000 acre-feet per year — by the time they go to hearing. He said this would mean that the City of Santa Fe and/or Santa Fe County would have to express some kind of commitment in order to allow the design to move forward, preferably in the form of a JPA, in order to determine how the processed water would be allocated and used.

Councilor Coss asked Dr. Hernandez if he saw the hydrology of this proposed operation being affected should the farmers in the Estancia Basin, who are pulling water to the west of this area, stop irrigating and start selling their fresh water to Albuquerque or to somebody further to the west.

Dr. Hernandez responded that he did not think the hydrology would change, since the recharge being used by the farmers comes out of the Sandias and Manzanos. He pointed out that the fractured zone is almost another groundwater basin. He said the farmers are pumping out of the valley fill and this proposal called for pumping out of an aquifer system that is very tight in most places with very poor quality water. He said the extreme fracturing results in production of 2,000 to 3,000 gallons per minute that essentially stays in this area as it comes out of Big Draw and Red Canyon.

Councilor Coss stated that he received a newsletter a few months ago from the Soil & Water Conservation District in that area, and they were “pretty much up in arms about this proposal.” He asked Dr. Hernandez if they agreed with his version of the hydrology.

Dr. Hernandez responded, “I think there’s some fear that we would take some of that fresh water towards us. Right now the water levels are such that the saline water is headed towards them. By dropping the water level a little bit, we’d actually do them a favor by trying to even up that gradient. It goes through the valley fill, and that’s a small connection in there, probably at our place, 30 or 40 feet thick is all. The depth of our wells would probably be 300, 400, 500 feet deep. Not terribly deep.”

Councilor Coss asked Dr. Hernandez if he thought the Estancia Basin people would oppose this proposal or support it in front of the State Engineer.

Dr. Hernandez responded, “I’m sure they’ll oppose us [but]... you have to be able to show that you have an interest, that you’re somehow being harmed. We don’t believe that there’ll be any impairment. We have one well proposed in each section — that’s one square mile per well — and the drawdown that you’d have in that kind of an area is relatively small. It’ll go to the groundwater table eventually, but it probably would not go outside that. The typical well has a radius of influence of half a mile, maybe, at most.”

Mr. Martinez added that the Estancia Basin people’s concerns, besides impact on their water rights, is that they have completed a water plan that recommends that no water be exported out of the area.

Councilor Coss asked far the water would be pumped, and Dr. Hernandez responded that it would be pumped about 65 miles, which would include a 1,000-foot lift. He said that would bring the water to the Lamy or Eldorado area. He said an alternate route would come in by the Penitentiary.

Responding to questioning from Councilor Bushee on what the total cost would be to deliver water — not just construction, but pumping, infrastructure, etc. — Dr. Hernandez stated that he did not have good projections at this point, but pointed out that it would be less than the City’s current production cost of \$4/1,000 gallons. He said the cost to deliver San Juan-Chama water would be considerably higher, since the pipeline was much longer and the lift was about 1,700 feet.

In discussion on subsidence concerns expressed by Estancia Basin representatives, Mr. Martinez pointed out that the Estancia Basin has about 380,000 acre-feet per year of water rights versus the 56,000 acre-feet a year currently being pumped from there. He stated that, in his opinion, subsidence was not much of a problem when one considered a recharge of about 18,000 acre-feet versus pumping of 25,000 acre-feet from an aquifer with 200,000 acre-feet potential.

Wastewater Advisory Task Force Recommendations on Future Effluent Agreements. (Councilor Chavez)

Councilor Chavez, co-chair of the Wastewater Reuse Advisory Task Force, acknowledged the work of fellow members Ted Williams (co-chair), Bill Seedorff, Neva Van Peski, Eliot Streeper, Robert Romero, Don Dayton and Commissioner Paul Duran.

Councilor Chavez stated that the Task Force, whose purpose was to make recommendations to the PUC and Council on the advantages and disadvantages of proposed effluent contracts, felt that the City Council should not enter into any effluent agreements extending beyond one year. He cited the fact that flow into the plant has diminished and is not expected to increase dramatically in the near future.

Councilor Chavez also stated that the Task Force recommended that all contracts have a 30-day termination clause that the City has the option of exercising, and that the rate charged for effluent should be \$3.20 per thousand gallons on all future contracts.

Wastewater director Costy Kassisieh called the Committee's attention to a summary of all effluent contracts now in effect with the City: Santa Fe Country Club, with no expiration date; Santa Fe Horse Park, expiring May 2003; Pojoaque Gaming (Racetrack)), expiring January 2007; U.S. Department of Agriculture and Forest Service, expiring February 2006; MRC, no expiration date; and Las Campanas, September 15, 2002 expiration date.

Councilor Chavez cautioned that, as the City focuses on the San Juan-Chama diversion project, it must be careful with these effluent contracts to ensure there is enough to meet these obligations as well as realize return flow credits. He said the Task Force recommended that the City only enter into short-term contracts in the event it needs to pull the water back should it be needed for return flow credits.

Referring to the Country Club contract as well as the MRC/golf course commitment, Councilor Coss commented that the City has certainly learned that committing its very limited natural resources in perpetuity is not good government policy.

Councilor Chavez also stated that the Treated Effluent Management Plan (TEMP) was overly optimistic, projecting that the City would be producing about 7 mgd in a wet year.

Mr. Kassisieh noted that the plant averaged 4.8 mgd in 2002.

Councilor Chavez said the TEMP plan might have to be amended, as does the Wastewater Ordinance. He asked staff to begin preparing amendments to the latter.

Councilor Chavez suggested that the City re-review the Country Club contract with the hope that it could be whittled down somehow.

Councilor Wurzbarger commented that the City has very little to work with in terms of allocating effluent — out of 5.5 mgd, the City has already committed all but about 900,000 gallons a day, so essentially the City only needs to look at policy for that amount.

Mr. Kassisieh noted that the contract with Santa Fe Downs used to be 1.2 mgd, which has been reduced by staff to 416,200 gallons a day.

Councilor Bushee asked Mr. Kassisieh what the average has been for the treatment plant over the years, and Mr. Kassisieh offered these figures, pointing out that they have begun to decline:

1995	5.8 mgd
1996	5.6 mgd
1997	5.6 mgd
1998	5.5 mgd
1999	5.6 mgd
2000	5.2 mgd -- drought year
2001	5.1 mgd
2002	4.8 mgd -- drought year

Mr. Kassisieh said the decline could be attributed to low flow toilets and conservation, and perhaps a downturn in visitors to Santa Fe.

Councilor Chavez said no one should ignore the fact that increased greywater use will have a significant impact on inflow to the plant.

Councilor Bushee and Councilor Chavez asked that the City Attorney's Office take another look at the Country Club contract.

Mr. Williams commented that some of the influent/effluent data was inconsistent, possibly because a new influent meter was installed at one point, which was why the Task Force was not ready to present a report. Addressing the 4.8 mgd reading for 2002, He stated that there was more water going out of the plant in 2001-2002 than was coming in; and in January 2003, flow into the plant is back up from what it was last year.

**Update Future Needs for the Wastewater Treatment Plant Capital Improvement Plan and Infrastructure Renewal and Replacement
(Costy Kassisieh, Wastewater Division Director)**

Mr. Kasssieh called the Committee's attention to a December 2002 letter from the Ground Water Quality Bureau, strongly urging the City to evaluate and implement an alternative sludge disposal approach before the current discharge permit expires, since renewal of the permit for the facility could prove to be difficult because of several concerns.

Mr. Kasssieh said his first priority was a sludge composting facility, to be constructed within the next three years, at a total cost of \$16 million.

Mr. Kasssieh stated that his second priority was to replace the aeration piping serving the bioselectors as well as expansion of the secondary clarifiers. He reviewed a list of projects with costs and timelines.

Mr. Kasssieh said an estimated 50 miles of wastewater collection lines needed replacement as soon as possible — these were mostly old concrete and clay lines installed between the mid 1920s and the mid 1950s, and their condition has been rapidly deteriorating. He said it would cost \$1 million to \$1.5 million annually over the next 20 years to replace all of these sewerlines.

Councilor Bushee asked Mr. Kasssieh if he thought a rate increase would be necessary to help cover costs.

Mr. Kasssieh responded that he would continue to operate as best he could with the existing budget, but thought additional revenues would be necessary to cover costs. He said he would be working with the City Manager to discuss the possibility of a rate increase, since the last was in 1997.

Councilor Coss remarked that perhaps the City should also look at composting toilets and not just low flow toilets, given the decreased influent and consequently higher concentration of solids.

Chairman Ortiz asked Mr. Kasssieh to do a critical path analysis for each of his projects and work with Dennis Gee and the City Manager to come up with a financing schedule.

**Update Current Water Supply Status and Outlook for 2002.
(Gary Martinez, Source of Supply Manager, Water Division.)**

Michael Gonzales presented this report on Mr. Martinez' behalf.

Responding to questioning from Councilor Heldmeyer, Mr. Martinez stated that total production from the City and Buckman well fields was somewhat lower than consumption this period. He explained that the City wells were off for a period of time to allow an experiment to gauge the effect of the hospital tank rehab on the City well system.

ACTION ITEMS

Executive Session:

Request From Las Campanas for a Temporary Agreement to Transfer Effluent.

Mickey Baird, vice president of Las Campanas, said Las Campanas was asking the City to open negotiations for the terms and conditions of an effluent purchase agreement for summer 2003. He stated that Las Campanas received approval from the City last year at the eleventh hour, causing them to have to move very quickly, and so this year they were starting early.

Mr. Baird said he did not know if Las Campanas would have the same flexibility it had last year in the permit, since there were issues with NMED on the nature of the permit and with at least one federal agency on an easement. He said the federal agency has indicated that they would like Las Campanas to have a signed agreement in hand before requesting the easement.

Responding to questioning from the Chair, Mr. Baird stated that there has been a request for a preliminary injunction. He said, "I would characterize it as saying that, in the event the City cannot provide the water that it provides through the Buckman well field to Las Campanas, the agreement calls for the City to provide another source of water. And practically speaking, the only other source of water that's out there is effluent."

Assistant City Attorney Kyle Harwood asked the Committee to go into Executive Session to discuss the above-cited matter.

Councilor Wurzbarger so moved. Councilor Coss seconded the motion, which passed on the following Roll Call vote:

For: Chairman Ortiz; Councilor Bushee; Councilor Coss; Councilor Wurzbarger.

Against: None.

[The Committee was in Executive Session from approximately 7:15 p.m. until approximately 7:25 p.m.]

Councilor Bushee moved to come out of Executive Session. Councilor Coss seconded the motion, which passed 3-0 by voice vote, with Chairman Ortiz, Councilor Bushee and Councilor Coss voting for, and none against. [Councilor Wurzbarger was not present during the vote.]

Chairman Ortiz reported that no action was taken in Executive Session regarding this item; and as it related to this item in open session, no action could be taken in light of the filing by Las Campanas on Friday of their application for a preliminary injunction.

ITEMS FROM STAFF

Ms. Montoya distributed draft copies of a Jemez y Sangre Regional Water Plan resolution.

Councilor Chavez added that he would review the draft and introduce the resolution to dovetail with the State initiative to develop a 40-year water plan.

Mr. Lowance said he understood the plan might extend to 100 years instead of 40.

ITEMS FROM THE COMMITTEE

Discussion: A City-County Joint Resolution Concerning Joint Development of a Sustainable Water Supply for the Santa Fe Regional Area.

Councilor Wurzbarger distributed copies of this resolution, co-sponsored by Councilor Lopez. She said this would set a planning process in place to dovetail with the Jemez y Sangre Water Plan discussed by Councilor Chavez.

Councilor Wurzbarger said she would like to meet with all of the Councilors prior to next week's Council meeting.

Councilor Wurzbarger stated that she and Councilor Lopez want to move forward on this resolution as quickly as possible in order to take it to the Legislature, so will be requesting Council action on February 12. She said the Board of County Commissioners would act on it on February 11.

Councilor Wurzbarger agreed, following discussion, to talk to staff about getting this on next week's Public Works Committee agenda.

Other items

Councilor Coss stated that he would like to have the City Manager and/or staff – or the PUC – review the wheeling agreement before it goes to the RPA.

Councilor Coss said PNM has approached some Councilors about its plans to increase the power supply in Santa Fe, and he would like to see a presentation from them.

Councilor Heldmeyer said the acequia ordinance will be heard at the next PUC meeting, and a similar ordinance was going through the County at this time.

ITEMS FROM THE FLOOR

None.

ADJOURN

Its business completed, the Public Utilities Committee adjourned the meeting at approximately 7:30 p.m.

Approved by:

Councilor Matthew E. Ortiz, Chairman

Submitted by:

Judith S. Beatty, Committee Reporter